



## DEPARTMENTAL OVERVIEW

### THE DEPARTMENT OF TRANSPORTATION

The United States (U.S.) Department of Transportation (DOT) is the Federal steward of the Nation's transportation system. It was created in 1967 to develop transportation policies and programs that contribute to providing safe, fast, efficient, accessible, and convenient transportation at the lowest cost – essential to meeting the national objectives of economic growth and stability, security of the U.S., and the efficient use and conservation of resources.

The world is changing at a rapid pace. There are significant demographic shifts: people are living longer; national economies have been more global in scope; and technology touches nearly every aspect of our lives. As the world changes and evolves, the transportation needs of the American people and their businesses are also changing. Americans need and deserve a transportation system that is safe, fast, efficient, accessible, and convenient. In order to successfully accommodate our customers -- the American people -- DOT must anticipate the demands required of the nation's transportation system and provide leadership to ensure that system meets the needs of Americans in the 21<sup>st</sup> century.

### **ONE DOT:**

DOT has realized integrating our efforts is imperative if we are to continue leading the change and growth in the nation's transportation system. Instead of planning and operating a range of separate, distinct modes, we must now think of the nation's transportation needs as a cohesive and integrated system. This

integrated approach is the foundation for the ONE DOT Management Strategy.

One of the elements necessary to achieve DOT's stated mission and our desire to be "ONE DOT" is to have a solid financial basis with sound financial management. DOT has made progress in improving financial management. And we are committed to doing much more.

The ONE DOT management strategy was introduced in the DOT Strategic Plan to help us meet the challenges of a rapidly changing world by creating a balanced, integrated, intermodal transportation system. This system will more closely reflect how people, communities and organizations function in the 21<sup>st</sup> century. The ONE DOT concept builds on and emphasizes the collaborative work that is part of the history of the Department. This historical collaboration has resulted in: significant public initiatives such as the recently enacted Transportation Equity Act for the 21<sup>st</sup> Century; the leadership which DOT has assumed in welfare-to-work; rapid and effective response to natural disasters; and other DOT efforts such as "Buckle Up America," "Safe Communities," "Moving Kids Safely," the Garrett A. Morgan Technology and Transportation Futures Program, and the U.S. Marine Transportation System Initiative, to name just a few examples. We will enhance our ability to achieve our strategic goals by expanding our collaborative efforts.

ONE DOT also compels us to think how we might draw upon the achievements of our colleagues to advance the Strategic Plan and mission of the Department beyond what we could accomplish individually. The ultimate

goal isn't to create more work, but to effectively serve the needs of all our customers -- internal and external -- and/or resolve issues in a collaborative, integrated and cohesive manner.

### **Education and Careers in Transportation:**

Although people are living longer, much of the seasoned transportation work force is retiring. The demand for both traditional and new skills is expanding. The nation's need for technologically-literate transportation workers continues to grow.

The Garrett A. Morgan Technology and Transportation Futures Program will serve as a catalyst to enhance transportation education at all levels by: leveraging the Department's current technology, education, and research programs; and forging public/private partnerships.

This program has three goals:

- To ensure that America's transportation work force for the 21st century is technologically literate and internationally competitive.
- To build a bridge between America's youth and the transportation community.
- To support the development of improved educational technology that provides better ways for people to acquire new skills.

### **Transportation Initiative and Partnership with Africa:**

In addition to educating members of our society on transportation, we are extending our knowledge and efforts to Africa.

Africa, a continent revitalized by change, is striving to become a full partner in the emerging global economy. The number of

democratically elected governments in sub-Saharan Africa has quadrupled in the last 10 years, and three-fourths of the region's 48 countries have begun economic reforms. These reforms are bringing new hope and greater prosperity to people across the continent.

However, in order to reap the full rewards of their reforms, African nations must revitalize their transportation sectors. Already, a lack of adequate transportation infrastructure is constraining economic growth on the continent. The development of safe and efficient transportation systems is, therefore, vital to Africa's continued economic development.

Africa needs not only the physical infrastructure of roads and railways, ports and airports; it also needs people with the skills and expertise to efficiently operate, manage and maintain transportation systems that are becoming increasingly complex and intermodal.

As part of President Clinton's Administration's broad-based effort to support Africa's integration into the global economy, Secretary Rodney Slater has launched the Transportation Initiative and Partnership with Africa under the theme "Transportation: The Tie that Binds." The Secretary's visionary message is that transportation plays a key role both in the region's capacity to participate in the global economy and in the well-being of its communities and people. Secretary Slater emphasizes that transportation is about more than concrete, asphalt and steel—it is also about providing people with opportunity, freedom, and community.

This initiative and partnership with the nations of Africa embodies the Secretary's vision and promises to bring increased opportunities and a higher quality of life for both Africans and Americans.

**DOT Operating Entities**

The Department continues to push forward in *Reinventing Government the common sense way*. Through streamlining, refocusing our efforts on our customers and on performance results and using modern technologies, we are operating more efficiently.

DOT employs almost 100,000 civilian and military people located throughout the world. It includes the following Operating Administrations (OAs):

Transportation Administrative Service  
Center  
(TASC)

United States Coast Guard  
(USCG)

Federal Aviation Administration  
(FAA)

Federal Highway Administration  
(FHWA)

Federal Railroad Administration  
(FRA)

Federal Transit Administration  
(FTA)

National Highway Traffic Safety  
Administration  
(NHTSA)

Saint Lawrence Seaway  
Development Corporation  
(SLSDC)

Maritime Administration  
(MARAD)

Research and Special Programs  
Administration  
(RSPA)

Bureau of Transportation Statistics  
(BTS)

Surface Transportation Board  
(STB)

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**OUR MISSION STATEMENT**

*Serve the United States by ensuring a safe, fast, efficient, accessible and convenient transportation system that meets our vital national interests and enhances the quality of life of the American people, today and into the future.*

**STRATEGIC GOALS**

The DOT Strategic Plan sets forth the overall direction, vision and mission of the Department. The Strategic Plan covering this Financial Statement is dated September 1997 and covers the years 1997 through 2002. In that plan, citing the Department's enabling legislation from 1966, the purpose of the Department is described:

*"The national objectives of general welfare, economic growth and stability, and security of the United States require the development of transportation policies and programs that contribute to providing fast, safe, efficient and convenient transportation at the lowest cost consistent with those and other national objectives, including the efficient use and conservation of the resources of the United States."*

The Secretary of Transportation has articulated his vision of how the Department will carry out its purpose. This is captured in the Strategic Plan as a Statement to be used by all Department employees in framing their approach to the DOT mission.

The Strategic Plan also provides a mission statement to describe the underlying purpose for every activity and initiative the Department undertakes, and it identifies five Strategic Goals that capture the most important outcomes influenced by the Department's programs:

- **Safety**: Promote the public health and safety by working toward the elimination of transportation-related deaths, injuries and property damage.
- **Mobility**: Shape America's future by ensuring a transportation system that is accessible, integrated and efficient, and offers flexibility of choices.
- **Economic Growth and Trade**: Advance America's economic growth and competitiveness domestically and internationally through efficient and flexible transportation.
- **Human and Natural Environment**: Protect and enhance the community and the natural environment affected by transportation.
- **National Security**: Advance the Nation's vital security interests in support of national strategies such as the National Security Strategy and National Drug Control Strategy by ensuring that the transportation system is secure and available for defense mobility and that our borders are safe from illegal intrusion.

All of DOT's programs are aimed ultimately at achieving these five strategic goals. But most programs help advance more than one of these goals. This leverages resources for greater effect and gives an enhanced return for the taxpayer's dollar.

A successful transportation system should be international in reach; intermodal in form; intelligent in character; and inclusive in service. The FY 1999 budget reflected these guiding principles, and allowed DOT to continue developing a transportation system that is the safest and most accessible, economic, and efficient in the world.

## **PERFORMANCE GOALS**

The DOT Performance Plan defines those performance indicators and goals used to measure the Department's progress in achieving the strategic goals. By linking these goals to the budget, this Consolidated Financial Statement describes FY 1999's effort within DOT and shows how this effort fits into the long-range plan for the Department and the U.S. transportation system. It presents performance measures, which the Department will use to assess its progress in future years towards achieving its long range strategic goals. The performance goals are grouped together under the three areas of surface, air and maritime transportation based on the five strategic goals. This section immediately follows a description of the Department's entities and major programs. The data in this report is primarily for 1998, as 1999 data will not be available until the DOT Performance Report is sent to Congress March 31, 2000.

## Transportation Administrative Service Center (TASC)

TASC provides common administrative services to the Office of the Secretary of Transportation (OST), the DOT OAs and other Government entities. As a business-like operation, TASC recovers its operating costs through fees.

TASC continues to focus on being the provider of choice for support services in over 70 areas to the Department's OAs as well as non-Departmental customers. TASC increased total revenue from \$140.2 million in FY 1998 to \$181.1 million in FY 1999 – an increase of \$40.9 million, including a 206 percent increase in revenue from non-DOT customers. Non-DOT revenue was principally derived from the Information Technology Omnibus Procurement (ITOP) program, the Year 2000 Service Bureau and the Transit Benefits Program.

TASC continues to expand service offerings both within DOT and to non-DOT customers. By doing so, and thus increasing revenue, TASC is able to spread fixed costs over a broader base. As a result of these efforts, TASC was able to reduce overhead costs by 48 percent, thus reducing unit costs to all customers.

In FY 1999, one primary area of focus was expanding TASC's Transit Benefits program to other federal agencies. An aggressive marketing effort resulted in agreements with a number of agencies, including the Securities and Exchange Commission, the U.S. House of Representatives, the Department of Commerce, and Comptroller of the Currency.

TASC continues to partner with industry to deliver quality information technology services faster. Contracts for ITOP II, a

seven-year, \$10 billion successor to the original ITOP program, were awarded in January 1999. This program continues to set new standards for ease of acquisition and customer service in the information technology acquisitions arena.

Based on customer feedback, TASC expanded its electronic dockets facility to provide improved services to DOT public customers. Customers who visit the facility can use a variety of professional research and computer access tools in an area expressly designed to accommodate their needs, including privacy screening areas for viewing security or restricted information.

## United States Coast Guard (USCG)

In FY 1999, the Coast Guard:

- Saved over 5,200 lives
- Saved more than \$1.4 billion in property
- Supervised approximately 730 Federally funded oil spill recovery operations
- Interdicted 140,600 pounds of illegal drugs, including a record 111,689 pounds of cocaine
- Provided services and assets to assure the safe operation of vessels on waterways that carry more than 95 percent of America's foreign trade tonnage

USCG's *Maritime Safety Goal* is to eliminate deaths, injuries and property damage associated with maritime transportation, fishing and recreational boating.

Programs established pertinent to this goal are: Search and Rescue Program, Recreational Boating Safety Program and Marine Safety Program.

USCG has also entered into partnerships with the private marine industry to promote the Prevention Through People (PTP) initiative. PTP is an effort to re-focus on accident prevention using people as the solution, namely how people can increase the level of safety in the marine environment.

The *Maritime Mobility Goal* facilitates maritime commerce and eliminates interruptions and impediments to the economical movement of goods and people, while maximizing recreational access to and enjoyment of the water.

USCG programs pertinent to this goal include: Aids to Navigation Program, Differential Global Positioning System Coverage Areas and Ice Operations Program.

The Coast Guard maintains the largest aids-to-navigation system in the world with more than 49,000 buoys, fixed markers and lighthouses.

Additionally, the Coast Guard Office of Bridge Administration is responsible for oversight of and regulation of approximately 18,000 highway and railroad bridges that span navigable waterways throughout the country ensuring the smooth flow of maritime transportation.

The *Protection of Natural Resources Goal* eliminates environmental damage and natural resource degradation associated with all maritime activities, including transportation, commercial fishing and recreational boating.

The two programs relevant to this goal are: Marine Environmental Protection Program and Fisheries Enforcement of Laws and Treaties Program.

A related USCG responsibility is the management of the Oil Spill Liability Trust Fund. This fund, created by the Oil Pollution Act (OPA) of 1990, was financed by a five cent per barrel oil tax, with a capitalization of up to one billion dollars. OPA specifies that the responsibility for cleaning up oil spills lies with the spiller.

The USCG's fisheries law enforcement program is responsible for enforcing all laws and treaties that affect and protect the \$30 billion commercial and recreational fishing industry.

The Coast Guard's *Maritime Security Goal* protects maritime borders by halting the flow of illegal drugs, migrants, and contraband into this country through maritime routes; prevents illegal incursions of the Exclusive Economic Zone; and suppresses violations of Federal law in the maritime region.

As a key element in the President's National Drug Control Strategy, the primary goal of the Coast Guard drug interdiction program is to deny drug traffickers maritime routes. This is done as part of the Enforcement of Laws and Treaties Program.

In FY 1999, Congress provided \$261 million in supplemental funding under the Western Hemisphere Drug Elimination Act. FY 1999 proved to be a record year in interdiction efforts.

FY 1999 accomplishments include:

- Successful prosecution in 118 drug cases
- Seizures of 111,689 pounds of cocaine
- Seizures of 28,872 pounds of marijuana
- 302 arrests

Under the *National Defense Goal*, the Coast Guard defends the nation and enhances regional stability in support of the National

Security Strategy by utilizing USCG's unique and relevant maritime capabilities. As one of the five Armed Services of the United States, the Coast Guard is a full partner with its Department of Defense counterparts.

USCG's National Security roles are based upon the President's National Security Strategy and go beyond traditional military operations to include Homeland Defense activities that preserve and sustain the economic, social and environmental health of the nation by protecting against the dangers of a variety of maritime threats.

The Coast Guard supports U.S. foreign policy objectives around the world by fulfilling a crucial role in the President's strategy of international engagement.

### **Federal Aviation Administration (FAA)**

As the leading Federal agency responsible for aviation, the FAA is dedicated to providing air travelers with a technically-advanced airspace system that meets the highest attainable levels of safety, security, and efficiency.

#### *Safety Regulation and Certification*

Each year, the FAA performs more than 347,000 inspections and investigations and takes approximately 12,000 enforcement actions, helping to make air travel among the safest modes of transportation.

FAA, in partnership with the National Aeronautics and Space Administration, is committed to reducing the already low fatal accident rate in the U.S. by 80 percent within 10 years. In support of this goal, FAA's *Safer Skies* agenda focuses on the most critical safety issues.

#### *Civil Aviation Security*

Aviation security is an important aspect of the overall national security effort. The FAA works with local security, intelligence and law enforcement agencies to protect passengers, personnel, aircraft, and critical national airspace facilities against terrorist and other criminal acts. Federal funding for aviation security has increased substantially.

As recommended by the White House Commission on Aviation Safety and Security, FAA has purchased and deployed advanced security technologies, including more than 90 explosive detection systems for checked baggage screening and over 500 explosive trace detection devices for use at screening checkpoints at more than 50 U.S. airports.

The FAA also works with airport operators to deploy canine teams to screen cargo and bags, and to search airliners and terminals for explosives. The FAA purchases the dogs and funds training of both the dogs and their handlers. The number of FAA canine teams rose from 87 teams at 26 airports in 1996, to 169 teams at 40 airports in FY 1999, and is expected to continue to grow slowly over the next few years.

#### *Air Traffic Services*

FAA provides extensive, integrated support to pilots during every phase of a flight. On a typical day, FAA controllers handle approximately 200,000 takeoffs and landings, moving some 1.8 million passengers. U.S. commercial air carrier passenger enplanements are expected to grow from 664 million in 1999 to one billion in 2010. During the same period, the number of aircraft operations handled by controllers at FAA and contract towers is expected to

grow an estimated 2.2 percent annually from the 1999 baseline of 68.2 million.

During FY 1999, FAA placed increased emphasis on reducing runway incursions – accidents involving aircraft on the ground. Prevention requires better runway markings, improved pilot and controller training and new technology. Deployment of airport surface detection equipment is nearing completion with 38 of 40 systems installed at the end of FY 1999. Work continues on a software add-on that will sound an alarm whenever an incursion may be about to occur. Over the past year, a dedicated team has been set up within the Air Traffic Service to coordinate a systematic approach for reducing the risk of runway incursion.

#### *Research and Acquisition*

FAA conducts research and provides the essential air traffic control infrastructure to meet increasing demands for higher levels of system safety, security, capacity and efficiency.

Research priorities in FY 1999 included aircraft structures and materials, fire and cabin safety, crash injury-protection, systems security, improvements in weather information, resolution of environmental issues and human factors.

In August 1999, to reduce the risk of the speed of fire aboard aircraft, FAA ordered operators of 699 aircraft to replace insulation blankets covered with metalized Mylar. FAA also released a new aircraft engine safety tool, designed to reduce the disk failure rate in turbine-powered jet engines. The tool is the result of a four year FAA-funded research grant.

Significant studies were also made in infrastructure renewal. The host and oceanic computer system replacement has been completed at all 20 FAA en route control

centers and three oceanic centers. The transition to DSR -- the display system that replaces the 30-year-old radar displays used by en route air traffic controllers -- has reached the halfway mark and will be completed by mid-2000.

#### *Free Flight Phase I*

A core element of National Airspace System (NAS) modernization is Free Flight – an air traffic management concept that will ultimately give pilots operating under instrument flight rules the freedom to select their path and speed in real time.

The first phase of the Free Flight program began in October 1998. Its objective is to make previously known, but not widely used, air traffic management capabilities quickly available to deliver early benefits to service providers and users of NAS. These capabilities are: surface movement advisor, collaborative decision making, traffic management advisor, passive final approach spacing tool and the user request evaluation tool.

#### *Aid to Airports*

FAA works to improve the infrastructure of the Nation's airports, in cooperation with airport authorities, local and State governments and metropolitan planning authorities. As part of its safety oversight mission, the FAA certifies airports serving air carrier aircraft operating with more than 30 seats and periodically inspects those airports for compliance with established safety standards.

The level of noise at airports and surrounding areas continued to decline in FY 1999 as airlines take older, noisier airplanes out of service. In a Report to Congress released in August 1999, Transportation Secretary Rodney E. Slater announced that the nation's commercial jet



aircraft fleet is the quietest in history and will continue to achieve record low noise levels into the next century.

On December 31, 1998, all individual operators met or exceeded the interim date for compliance for 75 percent of their fleets to be the quieter Stage 3. The FAA fully expects the nation's aircraft fleet to meet the 100 percent requirement by next year's deadline.

### *Commercial Space Transportation*

The Office of Commercial Space Transportation oversees the safety of commercial space launches and regulates the growing commercial space industry. The organization licenses commercial space launches that take place in the United States or are conducted by U.S. citizens anywhere in the world. Among significant launches, in March 1999, an international consortium led by Boeing was given a first-of-its-kind license to launch a rocket from the mid-Pacific, using a converted oil-drilling platform. In April 1999, FAA issued an NPRM for Reusable Launch Vehicle and Reentry Licensing Regulation, and is moving ahead with industry to fashion a regulatory program to address public safety issues.

### **Federal Highway Administration (FHWA)**

FHWA provides grants to States to help plan, build, maintain and manage the nation's highway system and bridges. It also regulates the Interstate trucking industry for safety purposes; performs research and development of highway and trucking related issues; manages the Intelligent Vehicle/Highway System program; and, operates the direct Federal highway construction program for Federal lands.

Most FHWA programs and projects are authorized by the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) and receive funds from the Highway Trust Fund (HTF). FHWA programs are generally "user pays" programs, supported by the Federal gasoline/diesel tax and taxes on other motor vehicle-related products and truck use taxes. The money collected, roughly \$22 billion from gasoline and diesel taxes and \$3 billion in other taxes in FY 1999, is deposited into the HTF and dedicated to financing FHWA programs.

### *Federal-Aid Highway Program (FAH)*

The FAH program is the principal program for distributing Federal funds to the States to build and rehabilitate major highways and bridges. The States are reimbursed for eligible work after the work is performed. Federal-aid funding accounts for 99 percent of FHWA's budget authority.

Funding is specified by category in the highway authorization Acts. The major programmatic categories are:

- *National Highway System (NHS)* funds construction or reconstruction on about 155,000 miles of the principal highways in the nation. The NHS was created by an Act of Congress in FY 1996. The 155,000 miles were designated in consultation with the States. In FY 1999, total obligations incurred by States for Federal-aid amounted to \$4.748 billion.
- *Surface Transportation Program (STP)* funds a flexible program that allows use of highway funds for a wide range of activities, including transit, safety and transportation enhancements which encompass numerous environmentally-related activities and bicycle-pedestrian accommodations.

- *Interstate Construction (IC)* funds completion of the Interstate Highway System. Currently, most States have opened their designated Interstate mileage to traffic. Nationwide, 99.9 percent of the 42,795-mile system is open to traffic.
- *Interstate Maintenance (IM)* funds rehabilitating, resurfacing, restoring, and reconstructing older segments of the Interstate Highway.
- *Congestion Mitigation and Air Quality Improvement Act (CMAQ)* funds environmental mitigation measures in the Clean Air Act non-attainment areas and STP activities in other areas. Since 1992, the initial year authorized, to 1999, authorizations have grown from \$340 million to over \$1.345 billion annually. The CMAQ program offers States flexibility to fund a wide range of projects – the largest share thus far is funding transit projects, 46.8 percent, followed by traffic flow, 30.9 percent.
- *Bridge Replacement and Rehabilitation (BRR)* funds construction or repair on any bridge. The bridge inventory system has disclosed that for FY 1999 of all the bridges inventoried which are not on the Federal-aid System, 21.1 percent are structurally deficient and 12.6 percent are obsolete; on the National Highway System, 6.2 percent are structurally deficient and 16.6 percent are obsolete; and on all other Federal-aid systems, 11.6 percent are structurally deficient and 14.2 percent are obsolete.

These six categories account for about 79 percent, \$136.1 billion, of the \$170.6 billion for highways authorized by the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and TEA-21 for FY 1992 through FY 1999.

Much of the remainder of the authorized funding is for special interest projects, \$10.8 billion; special State allocations to balance the money flowing into and out of the HTF from each of the States, \$23.7 billion; and for several other miscellaneous categories.

#### *Federal Lands Highway Program (FLHP)*

The FLHP provides HTF financing of the construction and improvement of Indian reservation roads, parkways and park roads, and public lands highways, including forest highways and discretionary public land highway funding. This program also provides direct construction management experience for persons in the FHWA engineering training program. In total, about \$3.8 billion was provided in ISTEA and TEA-21 for this program. FY 1999 authorization was \$706 million.

#### *Intelligent Transportation Systems (ITS) Program*

The ITS program is designed to research, develop and operationally test advanced vehicle and highway systems; develop an automated highway system; and promote such technology as a means to increase the efficiency of the Nation's highways.

The program funds States, local governments and private entities to develop and test new technologies, processes, procedures and other activities that have the potential to enhance the efficiency of transportation infrastructure or improve operations of the vehicle using the infrastructure.

ISTEA and TEA-21 provided about \$930 million in contract authority for FY 1992 through FY 1999 -- \$200 million in FY 1999.

### *Motor Carrier Safety Assistance Program (MCSAP)*

The MCSAP is designed to improve safety of trucks and buses on the nation's highways and to reduce the number of accidents involving trucks. This is done through a combination of regulations on both the vehicle and driver, enforcement of such regulations and grants to States for enforcement.

- Regulations cover the full gamut of vehicle-related (e.g., truck size and weight, vehicle systems – such as brakes, maintenance activities, etc.) and driver-related (e.g., hours of service, physical condition, drugs and alcohol, training, etc.) functions.
- Enforcement is performed with a combination of Federal and State personnel, including 300 Federal investigators. State enforcement is carried out by a range of State-associated enforcement organizations, including State police, highway patrol, public service commissions and public utility commissions – about 4,000 people.

The MCSAP funds State enforcement of Federal truck and bus safety requirements or compatible State requirements. States may also use MCSAP funds for anti-drug and size and weight enforcement. Funding to the States entails both earmarked and apportioned (formula) contract authority authorizations. One-hundred million dollars was authorized for FY 1999.

Over two million different commercial motor vehicles have been inspected for safety. These safety inspections resulted in over 21 percent of vehicles being taken out of service and over 161,000 drivers being placed out of service.

### **Federal Railroad Administration (FRA)**

The mission of FRA is to provide national leadership for safe, secure and environmentally sound rail transportation for all Americans.

This is accomplished by:

- Promoting safety by working toward the elimination of rail-related deaths, injuries and property damage
- Advancing the service, reliability and timely movement of people and goods by fostering and investing in an efficient and accessible rail system
- Fostering the development, demonstration and implementation of technology to advance rail applications in the United States
- Promoting full and timely access to information for internal and external customers

Rail traffic is projected to increase. Freight railroads account for 40 percent of the nation's intercity traffic measured by weight and distance, ton-miles. Forecasts show that railroad tonnage will rise from an estimated 2.06 billion tons in 1998 to 2.21 billion tons in 2003, an increase of 1.4 percent per year. The fastest growing component for railroads, intermodal traffic – trailer and container on flatcar – is forecasted to rise from an estimated 8.77 million units in 1998 to 11.4 million units in 2003, an increase of 5.5 percent per year.

#### *Railroad Safety Program*

FRA's Railroad Safety Program protects railroad employees and the public by ensuring the safe operation of passenger and freight trains. Program efforts are directed to the enhancements of railroad safety through

various programs and activities:

- Issuance and enforcement of safety regulations
- Investigations of train accidents
- Training of industry workers on safety laws
- Educating the public on dangers associated with railroading
- Research and other cooperative efforts with industry to advance safety

During FY 1999, FRA's safety program included 554 field safety employees. FRA took an aggressive but reasonable approach in the enforcement program, focusing on the most serious and persistent safety violations. Enforcement of safety regulations provides for public safety, which is President Clinton's highest transportation priority. During FY 1999, FRA reached settlements of issued orders that resulted in the collection of approximately six million dollars in civil penalty assessments against the major carriers, shippers of hazardous materials and small railroads.

#### *Railroad Research and Development Program*

High-speed rail is an important part of President Clinton's transportation vision for America in the 21<sup>st</sup> Century. A successful public-private partnership is developing the technology that will enable safe and efficient high-speed rail passenger service.

During FY 1999, seven million dollars in federal funding was awarded to continue the partnership between FRA and Bombardier Transit Corporation. This partnership is expected to produce a prototype non-electric high-speed locomotive by the end of FY 2000. FRA and Bombardier are sharing prototype development costs on a 50-50 basis. This award of seven million dollars combined with three million dollars in FRA funds awarded in FY 1998 brings the total

Federal investment to \$10 million. Bombardier has also contributed \$10 million.

In the Omnibus Consolidated Emergency Supplemental Appropriations Act for FY 1999 (Public Law 105-277), Congress directed Amtrak to complete a study to identify improvements, and estimated cost, necessary on track between Washington, D.C. and Richmond, Va., southeast corridor, so that passenger trains could operate at higher speeds. Subsequent to the completion of the study, the Southeast Corridor was extended to include South Carolina, Georgia and Florida.

#### **Federal Transit Administration (FTA)**

The mission of FTA is to provide leadership, technical assistance and financial resources for safe, technologically advanced public transportation, which enhances all citizens' mobility and accessibility, improves America's communities and natural environment and strengthens the national economy.

TEA-21 provides a total of \$41 billion in budget authority, funded from the general funds of the Treasury and trust fund resources from the Mass Transit Account (MTA) of the Highway Trust Fund, for FY 1998 through 2003. TEA-21 guaranteed \$5.36 billion for transit programs in FY 1999 under the discretionary spending cap, 79 percent of which is funded from the MTA.

Through a variety of grant assistance programs, FTA provides funding to over 800 public transit operators in 316 urbanized areas, 1,200 transit systems serving rural areas and 3,700 agencies that provide transit service to elderly and persons with

disabilities and to plan, construct and operate the Nation's mass transit systems.

Grants are distributed either by statutory formulas or by discretionary grants which are usually earmarked in the appropriation and authorization process. Formula grants are apportioned by statutory formula based on population, population density or transit operational data. In FY 1999, FTA obligated \$4.9 billion in funds appropriated to FTA and \$852 million in FHWA funds transferred to FTA for use on transit projects.

### **National Highway Traffic Safety Administration (NHTSA)**

The mission of NHTSA is to save lives, prevent injuries and reduce traffic-related healthcare and other economic costs. NHTSA pursues this mission by developing, promoting and implementing effective educational, engineering and enforcement programs toward ending preventable tragedies and reducing economic costs associated with vehicle use and highway travel – estimated at \$150 billion annually. As a result of NHTSA's programs, motor vehicle travel has become safer. Traffic fatalities have decreased from 51,091 in 1980 to 41,471 in 1998.

The fatality rate per 100 million vehicle miles dropped to 1.6 in 1998. This is a record low since record-keeping began in 1966 when the rate was 5.5.

Despite this progress, there are a number of challenges that NHTSA must address. For example, although the number of highway related fatalities decreased slightly in 1998, it had increased from 1992 through 1996 and the fatality rate, although improved since 1980, has been stalled at 1.7 since 1992.

In FY 1998, the Department initiated new programs such as "Buckle Up America" to help decrease the number and rate of highway-related fatalities. This has substantially increased the focus on providing technical assistance to the States in developing comprehensive strategies, targeting traffic law enforcement problems and reducing the human loss and economic costs caused by traffic crashes. Emerging traffic safety issues such as fatigue, drowsiness and use of cellular phones while driving, combining with speed, create new challenges that make progress more difficult and require innovative strategies and a strong Federal role.

NHTSA's programs have historically proven to be cost-effective. A 1994 NHTSA analysis of the Department's traffic safety programs showed that society receives a return of about nine dollars for each dollar spent on vehicle and highway safety.

#### *Traffic Safety Programs*

- *Occupant Protection Programs* continue progress toward the goals of the Presidential Initiative to Increase Seat Belt Use Nationwide to 85 percent by 2000. National safety belt usage has risen to 70 percent.
- *Impaired Driver Programs* encourage stricter laws and enforcement and better training and outreach to reduce driving that is impaired by drug and alcohol use. In 1998, alcohol-related fatalities dropped to 38 percent of total fatalities for the first time.
- *Other Safety Programs* continue to increase the number of people educated about air bag safety, improve emergency medical services and focus attention on pedestrians, bicyclists and older and younger drivers. NHTSA

establishes strategies to combat drug use by youth in support of the President's Initiative on Drugs, Driving and Youth. NHTSA continues to investigate and demonstrate methods to control speeding, aggressive driving and other unsafe driving acts.

#### *Safety Performance Standards*

- *Vehicle Safety Standards Program* seeks to improve the crash avoidance and crashworthiness performance of motor vehicles through regulatory and non-regulatory alternatives. Work continues on advanced air bag performance, the development of an offset frontal test standard and harmonization of vehicle safety standards with those of other countries.
- *New Car Assessment Program* provides customers with relative crashworthiness information on passenger vehicles on 75 percent of model year 1999 passenger cars. Other vehicle safety information, provided to consumers through the *Consumer Information Program*, includes the safety features available on new vehicles, child passenger safety guidelines and the characteristics and proper use of anti-lock braking systems.
- *Other Programs* report statistics on motor vehicle theft and insurance related data, issue rules regarding vehicle theft prevention and set Corporate Average Fuel Economy standards, rulemaking actions and consumer information on Uniform Tire Quality Grading.

#### *Safety Assurance*

- *Vehicle Safety Compliance* ensures that all motor vehicles and motor vehicle

equipment sold in the U.S. provide the safety benefits intended by Federal safety regulations or qualify for the appropriate exemptions.

- *Safety Defects Investigations Program* collects, analyses and acts on information related to safety defects that affect the occurrence and severity of crashes. NHTSA also analyzes recalls conducted by manufacturers to determine whether notification to owners, scope of vehicles or equipment covered and remedy performed are adequate. In 1999, there were 223 recalls involving 11 million vehicles and more than 33 million items of motor vehicle equipment for safety problems. One-fifth of the recall campaigns, representing over 50 percent of the vehicles recalled, were influenced by NHTSA defects investigations.
- *Auto Safety Hotline* serves as the primary contact for consumers to report problems with motor vehicles or motor vehicle equipment that may warrant a safety defect investigation and also to provide consumers with timely information concerning motor vehicle safety. This includes recall information and general information to increase consumer understanding and awareness of highway safety. The Hotline, 1-800-424-9393, received over 700,000 calls from customers for each of the last four years.

#### **Maritime Administration (MARAD)**

The mission of MARAD builds on the Nation's maritime heritage and strengthens the maritime industry for the continued security and prosperity of the Nation. MARAD has primary Federal responsibility for ensuring the availability of efficient

water transportation service to shippers and consumers. MARAD also seeks to ensure that the U.S. enjoys adequate shipbuilding and repair service, efficient ports, effective intermodal water and land transportation connections and reserve shipping capacity for use in time of national emergency.

MARAD's national security, shipbuilding, intermodal and trade strategic goals guide the agency in carrying out its mission in four ways:

- Advancing the capabilities of the maritime industry to provide total logistics support to the military services during war or national emergencies and maintaining an inactive National Defense Reserve Fleet, including a surge component, the Ready Reserve Force, to support emergency and national security sealift needs.
- Assisting U.S. shipyards to become more competitive in world shipbuilding markets.
- Improving the effectiveness and efficiency of all marine segments of the U.S. intermodal transportation system.
- Providing support to the U.S. merchant marine to help it achieve competitiveness in domestic and international trade.

#### *Maritime Security Program (MSP)*

The MSP provides funding to maintain a U.S. flag merchant fleet crewed by U.S. citizens to serve both the commercial and national security needs of the U.S. Payments are made to U.S. carriers for 47 dry cargo ships, capped at \$2.1 million per ship per year, employed in U.S. international liner trades. In exchange for the payment, the U.S. carrier agrees to provide the Department of Defense with "assured access" to modern and efficient U.S.-flag commercial liner ships, intermodal

equipment and systems, including terminal facilities. They also provide a base of experienced U.S. merchant mariners to transport DOD contingency and sustainment cargoes anywhere in the world.

MARAD is pursuing a strategy to achieve its national security strategy goal which would emphasize provision of a relatively modest amount of Federal maritime support dollars to carefully selected carriers in order to provide the U.S. Government "assured access" to a world-class U.S. flag intermodal sealift capability at the lowest possible cost.

#### *Operating-Differential Subsidy (ODS) Program*

This program provides subsidies to U.S. ship operators to place U.S.-flag vessels on a parity with those of foreign competitors. These are 20 year contracts between the Federal Government and subsidized vessel operators. Subsidy is provided for wages in all cases, and maintenance, repair and insurance costs in some cases.

The ODS program, which is the predecessor of the MSP, is being phased out as the ODS contracts expire. The Federal Government's level of direct financial support to the U.S.-flag liner industry is clearly being reduced from the expiring ODS program to the new MSP program, while maintaining a core U.S.-flag liner fleet and American seafarers serving in international trade.

#### *The National Defense Reserve Fleet (NDRF) and Ready Reserve Force (RRF) Programs*

The primary focus of the NDRF and RRF programs is to contribute to the achievement of MARAD's national security strategic goal. NDRF retention ships, except the RRF component, are in a deep lay-up condition. The 144 ships in the NDRF can be activated to help meet U.S. shipping requirements

during a national emergency above which the RRF and commercial fleets can satisfy. Of the 255 NDRF ships, 111 non-retention ships are being held, slated for disposal. NDRF ships are preserved and maintained by MARAD. MARAD spends about \$275 million annually to maintain the NDRF. The NDRF ships are primarily cargo ships and tankers.

MARAD contracts with commercial U.S. ship managers for maintenance and repair, activation, manning and operation of the RRF. The readiness of the RRF program is tested regularly through no-notice activation of randomly selected ships, or through scheduled activation for military cargo operations or exercises.

DOD, through the National Sealift Trust Fund, currently funds the RRF program. MARAD and DOD have established excellent financial management relations to ensure DOD requirements are met at the best cost possible.

During FY 1999, the reliability of active RRF ships was 98.4 percent over a combined total of 1,960 ship-days under operational control by Military Sealift Command.

#### *Maritime Guaranteed Loan (Title XI) Program*

The Title XI program promotes the growth and modernization of the U.S. merchant marine fleet and U.S. shipyards in support of MARAD's shipbuilding strategic goal. The program enables companies to obtain long-term financing from the private sector on terms and conditions and at interest rates that may otherwise be unavailable in the commercial market.

#### *Ocean Freight Differential (OFD) Program*

In general, a portion of all shipments of food and humanitarian assistance paid for by the Department of Agriculture and the Agency for International Development must be shipped on U.S.-flag vessels. The Government pays the differential between shipping costs on U.S.-flag vessels versus foreign-flag vessels.

#### *Capital Construction Fund (CCF) Program*

The CCF program supports MARAD's shipbuilding strategic goal by assisting operators to accumulate their own capital in order to build, acquire and reconstruct vessels in the U.S. through the deferral of Federal income taxes on eligible deposits.

#### *War Risk Insurance Fund (WRIF) Program*

The WRIF program encourages continued flow of U.S. foreign commerce during periods when commercial insurance cannot be obtained on reasonable terms and conditions to protect vessel operators and seamen against losses resulting from war.

### **Research and Special Programs Administration (RSPA)**

The mission of RSPA is to make America's transportation systems more integrated, effective and secure by conducting and fostering crosscutting research and special programs to enhance the quality of life, safety, the environment and the well-being of all Americans.



### *Hazardous Materials (HAZMAT) Safety Program*

This program identifies hazardous materials and works with shippers and carriers who offer transportation or transport hazardous materials by highway, rail, water or air.

The scope of RSPA's HAZMAT activities includes materials classification, packaging, hazard communication, operating practices, response planning and HAZMAT employee training.

### *Pipeline Safety Program*

During FY 1999, RSPA succeeded in improving the protection of the public and the environment by broadening its focus on the leading causes of pipeline failure. Working with 160 representatives of utility, contractor, locating, one-call and insurance organizations, RSPA assessed best practices in underground utility damage prevention. The resulting "Common Ground" is being implemented in State and industry field activities. In addition, RSPA built a new national "Dig Safety" public education program to help reduce outside-force damage to all underground utilities and is promoting it at the State and local level.

Also contributing to the reduction in the number of pipeline failures was RSPA's completion of about 240 inspections of natural gas and 300 inspections of hazardous liquid pipelines.

### *Transportation Safety Institute (TSI)*

TSI supports safety and security programs for all modes of transportation through the development and administration of training in many forms. The safety professionals who receive this training come from all levels of Federal, State and local governments; industry; and, business.

### *Research and Technology Program*

The John A. Volpe National Transportation Systems Center (Volpe Center) provides Federal transportation and logistics expertise in research, analysis, development and deployment of transportation technologies for clients in DOT and other Federal agencies on a fee-for-service basis.

In FY 1999, the Volpe Center obligated \$173 million on about 350 projects, which included the following:

- Advanced Traffic Management System used by the FAA
- Continued safety performance analysis systems
- DOT's Office of Motor Carriers' safety performance monitoring system called SAFESTAT

### *Emergency Transportation Program*

This program develops and maintains the Department's emergency preparedness policies and programs, and manages the Department's Crisis Management Center covering a full spectrum of crises from natural disasters to national security. RSPA staff coordinates the Departmental response to these disasters.

## **Bureau of Transportation Statistics (BTS)**

The Intermodal Surface Transportation Efficiency Act established the Bureau of Transportation Statistics. The mission of BTS is to compile, analyze and make accessible information on the nation's transportation systems; to collect information on intermodal transportation and other areas as needed; and to enhance the quality and effectiveness of the statistical programs of DOT through research, the

development of guidelines and the promotion of improvements in data acquisition and use. Key customers served by BTS are Federal, State and local governments; transportation-related associations and the broader transportation industry community; private business; and consumers.

BTS develops and disseminates transportation knowledge to enable good decisions to be made quickly, while using appropriate data. Decisions made based on the transportation information provided impact areas such as transportation infrastructure investment, policies and planning, as well as economic policy, safety, national defense and national welfare.

### **Surface Transportation Board (STB)**

The STB is a three-member, bipartisan, decisionally-independent adjudicatory body with jurisdiction over certain surface transportation economic regulatory matters.

The mission of STB is to promote substantive and procedural regulatory reform in the economic regulation of surface transportation, and to provide a forum for dispute resolution and facilitation of appropriate business transactions.

During FY 1999, STB took approximately 900 actions involving adjudications and rulemakings, resolving or otherwise acting upon matters such as rail carrier consolidations, abandonments and line constructions and sales; review of rail labor arbitral decisions; rail rates and services. Some of these actions also related to motor carrier undercharge rate cases, intercity bus mergers and pooling matters, motor collective ratemaking and non-rail matters, such as pipeline rate cases.

### **Office of the Inspector General (OIG)**

The Inspector General Act of 1978, as amended (Inspector General Act, P.L. 95-452), established the OIG as an independent and objective organization within DOT. The Inspector General (IG) is committed to fulfilling its statutory mission and assisting the Secretary and senior department officials in achieving a safe, efficient and effective transportation system that meets vital national interests and enhances the quality of life of the American people today and in the future.

In addition to this, OIG is committed to advancing the Department's "ONE DOT" management strategy to create an intermodal transportation system that is intelligent in character and inclusive in nature. The OIG designs its work to assist the Secretary in his priorities as well as the five goals established in DOT's strategic plan.

OIG also has significant responsibilities under the Chief Financial Officers Act, the Government Performance and Results Act and the Government Management Reform Act. OIG will fulfill these responsibilities by completing audits of DOT's financial statements, assessing the adequacy of internal control systems and identifying opportunities to achieve financial benefits.